

### § 5243. Sale of abandoned spirits for denaturation without collection of tax

Notwithstanding any other provision of law, any distilled spirits abandoned to the United States may be sold, in such cases as the Secretary may by regulation provide, to the proprietor of any distilled spirits plant for denaturation, or redistillation and denaturation, without the payment of the internal revenue tax thereon.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1370; amended Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

#### PRIOR PROVISIONS

A prior section 5243, acts Aug. 16, 1954, ch. 736, 68A Stat. 645; Sept. 2, 1958, Pub. L. 85-859, § 206(c), 72 Stat. 1431, related to bottling of distilled spirits in bond, prior to the general revision of this chapter by Pub. L. 85-859. See sections 5171, 5172, 5175, 5178(a)(3)(C), (4)(A), 5202(g), 5206(c), 5214(a)(4), and 5233(a) to (c), (e)(1) of this title and section 121 of Title 27, Intoxicating Liquors.

Provisions similar to those comprising this section were contained in prior section 5333, act Aug. 16, 1954, ch. 736, 68A Stat. 662, prior to the general revision of this chapter by Pub. L. 85-859.

#### AMENDMENTS

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

### § 5244. Cross references

(1) For provisions authorizing the withdrawal from the bonded premises of a distilled spirits plant of denatured distilled spirits, see section 5214(a)(1).

(2) For provisions requiring a permit to procure specially denatured distilled spirits, see section 5271.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1370.)

#### PRIOR PROVISIONS

A prior section 5244, act Aug. 16, 1954, ch. 736, 68A Stat. 647, related to withdrawal of spirits from bonded warehouse on determination of tax, prior to the general revision of this chapter by Pub. L. 85-859. See section 5213 of this title.

#### [PART III—REPEALED]

### [§§ 5251, 5252. Repealed. Pub. L. 96-39, title VIII, § 807(a)(38), July 26, 1979, 93 Stat. 286]

Section 5251, added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1370; amended Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834, required proprietors of distilled spirits plants to give notice of their intention to rectify or compound any distilled spirits or wines.

A prior section 5251, act Aug. 16, 1954, ch. 736, 68A Stat. 649, made a cross reference provision to “blending of beverage brandies in internal revenue bonded warehouses”, prior to the general revision of this chapter by Pub. L. 85-859.

Provisions similar to those comprising section 5251 of this title were contained in prior section 5282(a), act Aug. 16, 1954, ch. 736, 68A Stat. 651, prior to the general revision of this chapter by Pub. L. 85-859.

Section 5252, added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1370, set out cross references to other sections with regard to the regulation of operations.

A prior section 5252, act Aug. 16, 1954, ch. 736, 68A Stat. 649, related to “discontinuance of warehouse and transfer of merchandise”, prior to the general revision of this chapter by Pub. L. 85-859. See section 5236 of this title.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Jan. 1, 1980, see section 810 of Pub. L. 96-39, set out as an Effective Date of 1979 Amendment note under section 5001 of this title.

### Subchapter D—Industrial Use of Distilled Spirits

Sec.	
5271.	Permits.
5272.	Bonds.
5273.	Sale, use, and recovery of denatured distilled spirits.
5274.	Applicability of other laws.
5275.	Records and reports.
5276.	Occupational tax. <sup>1</sup>

#### PRIOR PROVISIONS

A prior subchapter D, Rectifying Plants, consisted of part I, Establishment, and part II, Operation, and comprised sections 5271 to 5275 and 5281 to 5285, respectively, prior to the general revision of this chapter by Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1313.

#### AMENDMENTS

1987—Pub. L. 100-203, title X, § 10512(e)(2), Dec. 22, 1987, 101 Stat. 1330-449, added item 5276.

### § 5271. Permits

#### (a) Requirements

No person shall—

(1) procure or use distilled spirits free of tax under the provisions of section 5214(a)(2) or (3); or

(2) procure, deal in, or use specially denatured distilled spirits; or

(3) recover specially or completely denatured distilled spirits, until he has filed an application with and received a permit to do so from the Secretary.

#### (b) Form of application and permit

(1) The application required by subsection (a) shall be in such form, shall be submitted at such times, and shall contain such information, as the Secretary shall by regulations prescribe.

(2) Permits under this section shall, under such regulations as the Secretary shall prescribe, designate and limit the acts which are permitted, and the place where and time when such acts may be performed. Such permits shall be issued in such form and under such conditions as the Secretary may by regulations prescribe.

#### (c) Disapproval of application

Any application submitted under this section may be disapproved and the permit denied if the Secretary, after notice and opportunity for hearing, finds that—

(1) in case of an application to withdraw and use distilled spirits free of tax, the applicant is not authorized by law or regulations issued pursuant thereto to withdraw or use such distilled spirits; or

(2) the applicant (including, in the case of a corporation, any officer, director, or principal stockholder, and, in the case of a partnership, a partner) is, by reason of his business experience, financial standing, or trade connections, not likely to maintain operations in compliance with this chapter; or

<sup>1</sup> Section repealed by Pub. L. 109-59 without corresponding amendment of subchapter analysis.

(3) the applicant has failed to disclose any material information required, or made any false statement as to any material fact, in connection with his application; or

(4) the premises on which it is proposed to conduct the business are not adequate to protect the revenue.

**(d) Changes after issuance of permit**

With respect to any change relating to the information contained in the application for a permit issued under this section, the Secretary may by regulations require the filing of written notice of such change and, where the change affects the terms of the permit, require the filing of an amended application.

**(e) Suspension or revocation**

If, after notice and hearing, the Secretary finds that any person holding a permit issued under this section—

(1) has not in good faith complied with the provisions of this chapter or regulations issued thereunder; or

(2) has violated the conditions of such permit; or

(3) has made any false statement as to any material fact in his application therefor; or

(4) has failed to disclose any material information required to be furnished; or

(5) has violated or conspired to violate any law of the United States relating to intoxicating liquor, or has been convicted of any offense under this title punishable as a felony or of any conspiracy to commit such offense; or

(6) is, in the case of any person who has a permit under subsection (a)(1) or (a)(2), by reason of his operations, no longer warranted in procuring or using the distilled spirits or specially denatured distilled spirits authorized by his permit; or

(7) has, in the case of any person who has a permit under subsection (a)(2), manufactured articles which do not correspond to the descriptions and limitations prescribed by law and regulations; or

(8) has not engaged in any of the operations authorized by the permit for a period of more than 2 years;

such permit may, in whole or in part, be revoked or be suspended for such period as the Secretary deems proper.

**(f) Duration of permits**

Permits issued under this section, unless terminated by the terms of the permit, shall continue in effect until suspended or revoked as provided in this section, or until voluntarily surrendered.

**(g) Posting of permits**

Permits issued under this section, to use distilled spirits free of tax, to deal in, or use specially denatured distilled spirits, or to recover specially or completely denatured distilled spirits, shall be kept posted available for inspection on the premises covered by the permit.

**(h) Regulations**

The Secretary shall prescribe all necessary regulations relating to issuance, denial, suspension, or revocation, of permits under this sec-

tion, and for the disposition of distilled spirits (including specially denatured distilled spirits) procured under permit pursuant to this section which remain unused when such permit is no longer in effect.

(Added Pub. L. 85-859, title II, §201, Sept. 2, 1958, 72 Stat. 1370; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

**PRIOR PROVISIONS**

A prior section 5271, act Aug. 16, 1954, ch. 736, 68A Stat. 650, related to "notice of business of rectifier", prior to the general revision of this chapter by Pub. L. 85-859. See sections 5171(a), (c), 5172, and 5178(a)(1)(A), (4)(B)-(D) of this title.

Provisions similar to those comprising subsecs. (a) to (f) and (h) of this section were contained in prior section 5304(a)(1) to (4), (b), (c), act Aug. 16, 1954, ch. 736, 68A Stat. 655, prior to the general revision of this chapter by Pub. L. 85-859.

**AMENDMENTS**

1976—Subsecs. (a) to (e), (h). Pub. L. 94-455 struck out "or his delegate" after "Secretary" wherever appearing.

**EFFECTIVE DATE**

Section effective July 1, 1959, see section 210(a)(1) of Pub. L. 85-859, set out as a note under section 5001 of this title.

**§ 5272. Bonds**

**(a) Requirements**

Before any permit required by section 5271(a) is granted, the Secretary may require a bond, in such form and amount as he may prescribe, to insure compliance with the terms of the permit and the provisions of this chapter.

**(b) Exceptions**

No bond shall be required in the case of permits issued to the United States or any governmental agency thereof, or to the several States or any political subdivision thereof, or to the District of Columbia.

(Added Pub. L. 85-859, title II, §201, Sept. 2, 1958, 72 Stat. 1372; amended Pub. L. 94-455, title XIX, §§1905(c)(3), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1823, 1834.)

**PRIOR PROVISIONS**

A prior section 5272, act Aug. 16, 1954, ch. 736, 68A Stat. 650, related to requirement and approval of bond as condition to commencing business of rectifier of spirits, prior to the general revision of this chapter by Pub. L. 85-859. See section 5173(a), (d) of this title.

Provisions similar to those comprising this section were contained in prior sections 5304(a)(5) and 5310(d), act Aug. 16, 1954, ch. 736, 68A Stat. 655, 658, prior to the general revision of this chapter by Pub. L. 85-859.

**AMENDMENTS**

1976—Subsec. (a). Pub. L. 94-455, §1906(b)(13)(A), struck out "or his delegate" after "Secretary".

Subsec. (b). Pub. L. 94-455, §1905(c)(3), struck out "and Territories" after "several States".

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by section 1905(c)(3) of Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1905(d) of Pub. L. 94-455, set out as a note under section 5005 of this title.